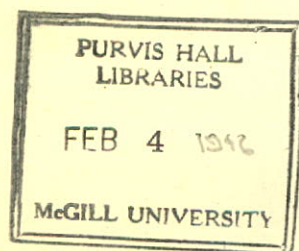


BRITISH COLUMBIA
POWER CORPORATION
LIMITED

ANNUAL
REPORT

•

1942



1942

Officers

[illegible]

Directors

E. H. ADAMS
JOHN DAVIDSON
S. GODIN, JR.
A. T. GOWARD
J. H. GUNDY
ANDREW P. HOLT
GEORGE KIDD

H. R. MacMILLAN
W. G. MURRIN
A. J. NESBITT
J. W. SPENCER
AUSTIN C. TAYLOR
P. A. THOMSON
MORRIS W. WILSON

J. B. WOODYATT

[illegible]

Head Office of the Corporation
B. C. ELECTRIC BUILDING
425 Carrall Street
Vancouver, B. C., Canada

BRITISH COLUMBIA POWER CORPORATION, LIMITED

Owms and controls the following companies:

BRITISH COLUMBIA ELECTRIC RAILWAY COMPANY, LIMITED
BRITISH COLUMBIA ELECTRIC POWER & GAS COMPANY LIMITED
VANCOUVER POWER COMPANY, LIMITED
WESTERN POWER COMPANY OF CANADA, LIMITED
BRIDGE RIVER POWER COMPANY LIMITED
BURREARD POWER COMPANY, LIMITED
VANCOUVER ISLAND POWER COMPANY, LIMITED
NATIONAL UTILITIES CORPORATION, LIMITED
THE VANCOUVER, FRASER VALLEY AND SOUTHERN RAILWAY COMPANY
COLUMBIA ESTATE COMPANY, LIMITED
BRITISH COLUMBIA RAPID TRANSIT COMPANY, LIMITED
THE VICTORIA ELECTRIC COMPANY LIMITED
VICTORIA GAS COMPANY, LIMITED
B. C. MOTOR TRANSPORTATION, LIMITED

BRITISH COLUMBIA POWER CORPORATION, LIMITED

NOTICE OF ANNUAL GENERAL
MEETING OF SHAREHOLDERS

Vancouver, Canada, April 8, 1943.

NOTICE IS HEREBY GIVEN to the Holders of the Corporation's Class "B" Shares that the Annual General Meeting of Shareholders will be held in the Auditorium of the B. C. Electric Building, 602 Granville Street, Vancouver, B. C., on Thursday, the 29th day of April, 1943, at the hour of 11.30 o'clock a.m.

1. To receive the Annual Report of the Directors;
2. To receive the Consolidated Balance Sheet as at December 31, 1942, the Consolidated Income Account for the financial period ending on that date and the report of the Auditors;
3. To elect Directors for the ensuing year;
4. To appoint Auditors for the ensuing year;
5. For the transaction of such other business as may properly come before the meeting without notice.

By Order of the Board,

J. A. BRICE,

Secretary.

NOTE.—By the charter of the Company only holders of Class "B" shares are entitled to attend at the Annual General Meeting of Shareholders and accordingly the above notice is given to such Shareholders only.

FACTS ABOUT YOUR CORPORATION AND ITS SUBSIDIARIES

(As at December 31, 1942)

1. It serves a territory of over 1,500 square miles;
2. It renders service to a population of over 500,000, embracing 32 Municipalities and 10 Provincial Districts;
3. It has 11 hydro-electric plants and 3 steam electric plants;
4. It has 94 substations and transformer stations;
5. It has 638 miles of high-tension transmission lines;
6. It has 3,130 miles of low-tension distribution lines;
7. It has 50 city street car and bus routes;
8. It has 4 interurban lines;
9. It has more than 4,300 employees;
10. It paid out in wages and salaries during the year more than \$7,600,000;
11. It operates 167 miles of street car lines;
12. It operates 161 miles of interurban lines, a total of 328 miles;
13. It operates 425 city and interurban passenger cars;
14. It operates 11 electric locomotives;
15. It operates 125 express, freight and service cars;
16. It operates 124 motor buses and 24 motor freight trucks;
17. It operates 279 route miles of motor bus and 120 route miles of motor freight service;
18. It operated 21,127,216 passenger car and bus miles during the year;
19. It generated by its power plants 770,449,874 K.W.H. during the year;
20. It operates 10 stores for the sale of electric and gas appliances;
21. It has 3 gas plants, with a total daily capacity of 12,250,000 cubic feet.

ANNUAL REPORT
of the Directors of
**BRITISH COLUMBIA POWER
CORPORATION, LIMITED**

for the year ending December 31, 1942

To be submitted at the Annual General Meeting, April 29th, 1943

TO THE SHAREHOLDERS:

Your Directors beg to submit the following Report on the financial position of your Company and its Subsidiaries as at December 31, 1942, and the results of their combined operations for the year ending on that date.

RESULTS OF OPERATIONS

The following is a condensed consolidated statement of the revenues and expenses of all departments of the business for the year ending December 31, 1942:

Gross Revenue	\$ 21,652,474.98
<i>Deduct—</i>	
Expenses of Operation and Maintenance, etc.....	\$ 9,784,564.40
Provision for Depreciation and Renewals	2,744,161.89
Property Taxes	879,436.52
Provision for Taxes on Income	3,995,600.00
	<u>17,403,762.81</u>
Operating Income	\$ 4,248,712.17
<i>Add—</i> Income from Investments	\$ 44,973.80
<i>Less—</i> Loss on Sale of Investments	10,000.00
	<u>34,973.80</u>
	\$ 4,283,685.97
<i>Deduct—</i> Bond Interest, Amortization of Bond Refunding Ex- pense and Preference Dividends	2,199,829.92
	<u>\$ 2,083,856.05</u>
<i>Deduct—</i> Dividends on Class "A" Shares for the year	2,000,000.00
Surplus for the year	<u>\$ 83,856.05</u>

REVENUE AND EXPENSES

Due almost entirely to increased war activities the gross revenues for the year have reached the highest level in the history of the Company, showing an increase of fifteen per cent over 1941. The greatly increased taxation, together with further cost-of-living bonuses given to our employees during the year in accordance with Dominion regulations, and other increased costs due to the greater use of our facilities and equipment, have absorbed these increases in gross revenue, and the net result shows very little change from last year.

REVENUE

Transportation System—

Passengers carried—1942	107,052,564	
Passengers carried—1941	83,996,509	Increase 27.45%

The large increase in the number of passengers carried on our lines has taxed all our resources in the use of available rolling stock, but some measure of relief has been obtained by the speeding up of services, by the reduction of the number of stops and the adoption of a plan of staggered hours of employment. Through the offices of the Transit Controller a war-time advisory transportation committee has been set up in the City of Vancouver to assist in meeting the transit problem. Nineteen new buses have been purchased and put into service during the year, and this additional equipment has helped to relieve the situation. Seventeen P-C-C cars were ordered in March last year, but owing to difficulties in obtaining materials the manufacture of these cars has been delayed and we now hope for delivery in July of this year.

Electric railway freight traffic continues to increase. Tonnage for the year 1942 was 845,000 tons, as compared with 723,000 tons in 1941, a gain of 122,000 tons. While export lumber via Atlantic ports showed a slight decrease, as a result of congestion at the seaboard, the demands of domestic and United States markets more than compensated for this loss. The net increase in the lumber and shingle movement was 100,000 tons. Other commodities from Eastern Canada and the United States showed a gain of 22,000 tons.

Light and Power System—

	K.W.H. Sales	Meter Installations	Motor Load in H.P.
1942.....	607,984,923	158,484	241,834
1941.....	535,707,430	153,824	232,401

The increase of 13.49% shown in K.W.H. Sales is due almost entirely to the increased use of power by war industries, and other war requirements of the Government. As a result of daylight saving and the curtailment of outdoor lighting the use of electricity for domestic purposes shows only a small increase over 1941.

The severe restrictions regarding the use of metal, particularly copper, have temporarily halted the extension of electric service in rural areas, and our inability to offer current consuming devices for sale is another factor affecting the development of domestic service.

Gas System—The comparative sales of gas were as follows:

	Cubic Feet
Gas sold—1942	1,870,555,000
Gas sold—1941	1,576,040,000

This increase of 18.69% reflects the increasing demand for gas for war industry and also a steady gain in the use of gas for domestic purposes, brought about principally by the occupancy by war workers and others of all available housing accommodation.

EXPENSES

Taxes payable to the Dominion Government, which amount to \$3,995,600 for the year, or 18.5% of the entire gross income, have risen in relation to the increased volume of business and by the incidence of the Amendment to the Excess Profits Tax Act, whereby, effective from 1st July, 1942, the income which may be retained by corporations is restricted to seventy per cent of pre-war standard profits. The portion of Dominion Income Taxes which is refundable after the war is shown in the Balance Sheet as a Deferred Asset.

Costs of operation and maintenance have been affected by increased costs of material, and by additional wages arising out of cost-of-living allowances paid to employees during the year, totalling approximately \$326,000. Added precautions in guarding the Company's plants and services from sabotage, in which 150 special guards are employed, added a further \$114,000 to our expenses.

In accordance with the principles adopted by the Accountants for the Public Utilities Commission, maintenance charges totalling \$180,000, which were formerly charged to the depreciation and renewals reserve, have now been included in the costs of operation.

The increased use of all our available rolling stock and the heavier loads have added materially to the annual maintenance costs of this equipment, and in conjunction with the additional car mileage being operated have also necessitated the employment of 220 additional motormen and conductors.

PLANT ADDITIONS AND EXTENSIONS

While the power plant facilities of the Company have been sufficient to meet all industrial and domestic customer demands it was considered advisable, in view of the receding power surplus, to request the Public Utilities Commission and the Federal Power Controller to approve plans for the completion of initial units at Bridge River. However, in view of more pressing demands elsewhere in the country, approval by the Power Controller has not yet been granted, and the orders of the Federal Government regarding the conservation of materials which are of vital use in the direct production of munitions and weapons of war have limited our Company's purchases of equipment during the year to those dictated by extreme necessity, and consequently have limited also the amount of extension and replacement work which has been done.

Actual expenditures on plant additions and extensions amounted to \$1,078,316. This outlay includes the sum of \$233,000 expended on the purchase of nineteen new passenger buses, and the balance has almost entirely been incurred in the extension of our Power, Light and Gas services.

The installation of an additional turbo-generator unit of 8,000 K.V.A. capacity in the Brentwood steam plant of the Victoria system, involving an ultimate expenditure of \$725,000, continues to be the major item of plant extension carried on during the year on Vancouver Island. Due to the difficulties experienced in obtaining materials progress has not been as rapid as had been anticipated.

In April, 1941, an order was placed in England for the delivery of a 1,250 K.V.A. turbo-generator for addition to the Kamloops steam plant, at an estimated installed cost of \$145,000. This unit arrived at Kamloops in September, 1942, but its instal-

lation has been delayed by difficulties in obtaining approval of the control authorities for the supply of the necessary auxiliary equipment.

WAR RISK INSURANCE

The Company under the Dominion of Canada War Risk Insurance Scheme has fully insured its properties against possible damage or destruction by enemy action.

PUBLIC UTILITIES COMMISSION

The final public hearings on the valuation for rate-making purposes of the plant and property of our subsidiary companies by the Public Utilities Commission of British Columbia ended on January 12th, 1943, after the taking of some four thousand pages of evidence. In the face of this mass of evidence it is not expected that the Commission will report its findings for some time.

STAFF

The Directors wish to record their appreciation of the loyal and efficient service being rendered by all employees throughout the entire organization. There are now 185 employees on the pension rolls, being men who have rendered a minimum of twenty-five years efficient service. The pensions provided by the Company amounted in the past year to a total of \$88,938, in addition to death benefits totaling \$32,800.

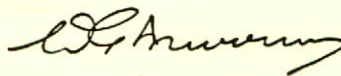
EMPLOYEES ON ACTIVE SERVICE

Your Directors are also proud to record that four hundred and sixty employees of this Company have enlisted in the armed services of their country.

AUDITORS' EXAMINATION

The report of your Auditors, Messrs. Price, Waterhouse & Co., is appended to the Consolidated Balance Sheet submitted herewith.

Respectfully submitted on behalf of the Board,



March 25, 1943.

President.

BRITISH COLUMBIA POWER

AND SUBSIDIARIES

Consolidated Balance Sheet

ASSETS

CURRENT AND WORKING ASSETS:

Cash at Banks and on hand.....	\$ 1,223,046.85	
Dominion of Canada bonds and City of Vancouver debentures, at cost.....	1,421,690.40	
(Quoted market value—\$1,412,852.19)		
Accounts Receivable less Reserve.....	2,368,325.93	
Employees' Housing Loans, Mortgages, etc.....	41,969.08	
Inventories of Stores, Materials and Supplies, determined as to quantities by book inventories confirmed annually by physical count or measurement, valued at average cost.....	1,682,173.80	
		\$ 6,737,206.06

INVESTMENTS:

Corporation's shares purchased by subsidiaries for re-sale to customers and employees	666,539.77
(Quoted market value December 31, 1942—\$367,099.55)	

BOND REFUNDING EXPENSE:

Premium and exchange on bonds redeemed, bond conversion expenses and discounts, less amounts written off	1,185,043.09
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DEFERRED CHARGES:

Insurance unexpired, deferred regulatory commission expenses, and other prepaid items.....	394,830.55
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ESTIMATED RECOVERABLE PROPORTION OF EXCESS PROFITS TAX (per contra).....	270,000.00
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PROPERTY ACCOUNT:

Book values which represent the cost of acquisition, and the cost of subsequent additions, including discount on bonds of \$728,670.56 which is charged to construction accounts of subsidiaries.....	\$ 147,314,720.89
Less Provision for Depreciation and Renewals.....	33,669,203.10
	113,645,517.79

NOTE: An appraisal of the properties of British Columbia Power Corporation Limited and its subsidiaries, made by Stone & Webster Engineering Corporation of Boston, Massachusetts, as of December 31, 1936, shows a total replacement cost as at that date (after a deduction for existing physical depreciation) of \$131,802,312. This foregoing total includes an amount of \$15,000,000 for going concern value.

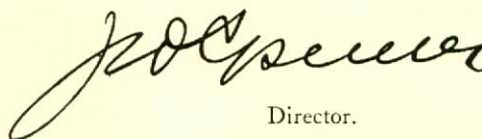
The balance in the Property Account as at December 31, 1936, after deducting the reserve for depreciation, was \$113,739,799.32.

\$ 122,899,137.26

Approved on behalf of the Board:



Director.



Director.

CORPORATION, LIMITED

LIABILITIES

as at December 31, 1942

LIABILITIES

CURRENT AND ACCRUED LIABILITIES:

Accounts Payable	\$ 1,766,386.21	
Reserve for Taxes on Income and other Taxes	2,362,568.23	
(After a prepayment of \$1,892,424.00 on 1942 Taxes on Income)		
Debenture and Bond Interest accrued	497,958.16	
Dividends declared, since paid	735,920.00	
		\$ 5,362,832.60

BOND DEBT (as per statement attached) 37,160,624.50

CAPITAL STOCKS OF SUBSIDIARIES HELD BY PUBLIC:

<i>British Columbia Electric Railway Co. Ltd.—</i>		
5% Cumulative Perpetual Preference Stock, £1,440,000.0.0 at \$4.85	\$ 6,984,000.00	
<i>British Columbia Electric Power & Gas Co. Ltd.—</i>		
6% Cumulative Preference Shares	5,000,000.00	
The Company has the right to redeem these 6% Preference Shares with a premium of 5% subject to the sanction of the Supreme Court of British Columbia.		
Minority Shareholders of Subsidiaries	3,446.25	11,987,446.25

RESERVES:

General, Contingent and Accident	1,500,100.08
ESTIMATED RECOVERABLE PROPORTION OF EXCESS PROFITS TAX (per contra)	270,000.00

CAPITAL:

Authorized—

1,500,000 Class "A" Shares without nominal or par value entitled in each fiscal year to non-cumulative preferential dividends aggregating \$2.00 per share and equal participation with Class "B" Shares up to a further \$3.00 per share, redeemable at any time on resolution of Directors at \$100.00 per share.

1,500,000 Class "B" Shares without nominal or par value.

Issued—

1,000,000 Class "A" Shares and
1,000,000 Class "B" Shares issued for a total cash consideration of \$ 59,250,000.00

CAPITAL SURPLUS:

Surpluses of Subsidiaries as at May 19, 1928, the date of the acquisition of their Capital Stocks by the Corporation

6,115,764.59

EARNED SURPLUS:

Balance as at January 1, 1942

\$ 1,168,513.19

Add—

Balance transferred from Consolidated Income Account

83,856.05

1,252,369.24

66,618,133.83

\$ 122,899,137.26

AUDITORS' REPORT TO THE SHAREHOLDERS

We have made an examination of the books and accounts of British Columbia Power Corporation Limited and its Subsidiary Companies for the year ending December 31, 1942, and have obtained all the information and explanations which we have required, and we report that, in our opinion, the above Consolidated Balance Sheet at December 31, 1942, is properly drawn up so as to exhibit a true and correct view of the state of the combined affairs of the Corporation and its Subsidiary Companies, according to the best of our information and the explanations given to us and as shown by the books of the Companies.

VANCOUVER, B. C.

March 23, 1943.

PRICE, WATERHOUSE & CO.,

Chartered Accountants.

BRITISH COLUMBIA POWER CORPORATION, LIMITED
AND SUBSIDIARY COMPANIES

Consolidated Income Account for the year ending December 31, 1942

Gross Revenue from Operations.....\$ 21,652,474.98

Deduct—

Expenses:

Operation and Maintenance, including Property Taxes.....	\$	10,456,653.47
Legal Fees and Executive Remuneration.....		95,197.45
Directors' Fees		22,150.00
Provision for Accidents.....		90,000.00
Provision for Depreciation and Renewals.....		2,744,161.89
Provision for Taxes on Income (including \$270,000.00 representing Estimated Recoverable Proportion of Excess Profit Tax for the period from July 1 to December 31, 1942)		3,995,600.00
		17,403,762.81

Operating Income\$ 4,248,712.17

Add—

Income from Investments.....\$ 44,973.80

Less—

Loss on Sale of Investments.....	10,000.00	
		34,973.80
		\$ 4,283,685.97

Deduct—

Interest on Bond Debt.....	\$	1,504,898.56
Bond Refunding Expenses written off.....		73,091.36
		1,577,989.92
		\$ 2,705,696.05

Deduct—

Dividends on Preference Stock of Subsidiaries:

5% Cumulative Perpetual Preference Stock—£72,000.0.0 at \$4.47	\$	321,840.00
6% Cumulative Preference Shares.....		300,000.00
		621,840.00
		\$ 2,083,856.05

Deduct—

Dividends on Class "A" Shares for the year ending December 31, 1942.....2,000,000.00

Balance transferred to Earned Surplus Account.....\$ 83,856.05

BRITISH COLUMBIA POWER CORPORATION, LIMITED
AND SUBSIDIARY COMPANIES

Bond Debt as at December 31, 1942

BRITISH COLUMBIA POWER CORPORATION LTD.:

First Refunding and Collateral Trust Serial Bonds

3½%, Series "A"—

Authorized and Issued:

Maturing March 1, 1943.....	\$	400,000.00
“ March 1, 1944.....		400,000.00
“ March 1, 1945.....		400,000.00
	—————\$	1,200,000.00

First Refunding and Collateral Trust Bonds 4¼%,

maturing March 1, 1960—

Authorized and Issued:

1939 Series	\$	4,500,000.00
 <i>Less—</i>		
Redeemed		137,000.00
	—————	
	\$	4,363,000.00
Series "A"		10,800,000.00
	—————	15,163,000.00
	—————\$	16,363,000.00

BRITISH COLUMBIA ELECTRIC RAILWAY CO. LTD.:

4¼% Perpetual Consolidated Debenture Stock.....	£2,788,170.00
	@ \$4.85 13,522,624.50

VANCOUVER POWER Co. LTD.:

4¼% Perpetual Guaranteed Debenture Stock—

Authorized £1,917,350, of which issued.....	£1,500,000.00
	@ \$4.85 7,275,000.00

As per Consolidated Balance Sheet.....	\$ 37,160,624.50
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